

City of London Corporation Committee Report

Committee:	Dated:
Community and Children's Services	16 January 2025
Subject: Departmental Budget Estimates 2025/26 - Community and Children's Services excluding Housing Revenue Account (HRA)	Public report: For Decision
This proposal: <ul style="list-style-type: none"> • delivers Corporate Plan 2024-29 outcomes • provides statutory duties • provides business enabling functions 	Statutory duties for a balanced 2025/26 budget
Does this proposal require extra revenue and/or capital spending?	No
Report of: The Chamberlain and the Executive Director of Community and Children's Services	
Report author: Mark Jarvis, Head of Finance- Chamberlain's Department Beatrix Jako, Finance Business Partner – Chamberlain's Department	

Summary

This report presents for approval the budget estimates for the Department of Community & Children's Services for 2025/26, for subsequent submission to Finance Committee.

Overall, the proposed revenue budget for 2025/26 totals (£19.779m), a significant increase in net expenditure of (£1.854m) compared to the 2024/25 original budget of £ (17.925m) agreed by your Committee on 25 January 2024.

The proposed budget for 2025/26 has been prepared within the resource envelope allocated to each Chief Officer by Resource Allocation Sub-Committee, incorporating the adjustments outlined in paragraph 3.

This report presents, at Appendix 1, the budget estimates for 2025/26 for the Community and Children's Services Department excluding Housing Revenue Account (HRA) of which a summary is shown in the table below.

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Summary of Appendix 1

Table 1	Original budget 2024/25 £'000	Original budget 2025/26 £'000	Movement original 2024/25 to original budget 2025/26 £'000
Expenditure	(29,596)	(31,897)	(2,301)
Income	14,348	15,443	1,095
Support services and capital charges	(2,677)	(3,325)	(648)
Total net expenditure	(17,925)	(19,779)	(1,854)

Recommendation

Members are asked to:

- i) review and approve the Community and Children's Services Department's (excluding HRA) proposed revenue budget for 2025/26 for submission to Finance Committee,
- ii) review and approve the Community and Children's Services Department's (excluding HRA) proposed capital and supplementary revenue projects budgets for 2025/26 for submission to Finance Committee,
- iii) authorise the Chamberlain, in consultation with the Executive Director of Community and Children's to revise these budgets to allow for any further implications arising from Corporate Projects and changes to the Cyclical Works Programme,
- iv) agree that minor amendments for 2024/25 and 2025/26 budgets arising during the corporate budget setting period be delegated to the Chamberlain.

Main Report

Background

- The Community & Children's Services Committee oversees four main service areas:
 - People Services (which includes Adult Services and Children and Families Services)
 - Commissioning and Partnerships (which includes Commissioned Services)
 - Housing Services (including the Housing Revenue Account)
 - Education and Skills

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Assumptions for 2025/26

- The estimate for 2025/26 includes a net 2% uplift for inflation for local risk.
- The provisional 2025/26 Original Budget does not account for the increased rate of employer National Insurance (NI) contributions that will take effect from April 2025 and assumes a 3% uplift in staff pay. The budget will be revised during the financial year to incorporate these changes.
- Members should note that the Cyclical Works Programme (CWP) figures included in the Estimate Report relate only to elements of previously agreed programmes, which will be completed in 2024/25 and 2025/26. The separate bid for CWP works programme for 2025/26 has not been included in this report. The report is expected to be submitted to Committee in January 2025 and will then require approval from Resource Allocation Sub-Committee to agree the funding. Once both Sub-Committees have agreed the 2025/26 programme Members will be advised of the outcome and Members are asked to authorise the Chamberlain to revise the budgets to allow for these approvals.
- Support services budgets reflect the attribution and cost of central departments. All support services are based on time or use of services and were reviewed during 2024/25 with the method of apportionment update to reflect the latest up to date corporate information.

Departmental budget estimates for 2025/26

1. This report presents, at Appendix 1, the budget estimates for 2025/26 for the Community and Children's Services Department analysed between:
 - **Local Risk budgets** – these are budgets deemed to be largely within the Chief Officer's control.
 - **Central Risk budgets** – these are budgets comprising specific items where a chief officer manages the underlying service, but where the eventual financial out-turn can be strongly influenced by external factors outside of his/her control or are budgets of a corporate nature (such as interest on balances and rent incomes from investment properties).
 - **Support Services and Capital Charges** – these cover budgets for services provided by one activity to another. The control of these costs is exercised at the point where the expenditure or income first arises as local or central risk. Further analysis can be found in Appendix 2.

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Proposed Revenue budget for 2025/26

2. The provisional 2025/26 budgets, under the control of the Executive Director of Community and Children's Services being presented to your Committee, have been prepared in accordance with guidelines agreed by the Policy and Resources and Finance Committees.
 - A total of £1.758m in additional funding to address potential future pressures identified in Adult and Children Social Care.
 - Homelessness has been classified as a central risk from April 2025, as it is fundamentally a demand-led statutory service budget that is under significant pressure. Furthermore, additional funding has been identified in the 2025/26 Estimates for Homelessness and there are indications that funding will be secured in the Medium Term Financial Plan (MTFP) beyond that.
 - There was an internal review of staff delivering duties for our Unaccompanied Asylum Seeking Children (UASC) population. As a result of this review asylum related staff costs are transferred to central risk from local risk.
 - In order to come back to the resource envelope within central risk, it was necessary to include an unidentified savings budget of £524k relating to the asylum seekers service and benefit administration in central risk.
3. Overall, the 2025/26 provisional revenue budget total £19.779 million, an increase of £1.854m when compared with the original budget for 2024/25. The main reasons for this increase are:
 - 2% inflation uplift of £291k added to local risk budgets.
 - An additional £1.288m funding has been agreed by the Chamberlain's to address potential future pressures identified in Adult Social Care and Child Social Care.
 - Allocation of £470k from contingency regarding additional social care pressures following Court of Common Council's approval in March 2024. Due to timing issues it was added to central contingencies and drawn down during the financial year – this has now been added to the local risk base budget as a permanent adjustment.
 - Transfer of Direct Payment Officer post to Adult Social Care (£52k).
 - £895k central risk grant allocation for homelessness support.
 - Increase in central support and capital charges (£648k).

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4. An analysis of service expenditure is provided in Appendix 1. Expenditure and unfavourable variances are presented in brackets. Only significant variances (generally those greater than £150,000) have been commented on in the following paragraphs.
5. There was an internal review of staff delivering duties for our Unaccompanied Asylum Seeking Children (UASC) population. As a result of this review asylum related staff costs are transferred to central risk from local risk.
6. Homelessness has been reanalysed as a central rather than local risk budget item from April 2025, as it is fundamentally a demand-led statutory service budget that is under significant pressure. Furthermore, additional funding has been identified in the 2025/26 Estimates for Homelessness support.
7. Additional total funding of £1.758m to address potential future pressures identified in Adult and Children Social care.
8. The central risk budget contains an unidentified savings budget of £342k which is due to pressures on the asylum seekers service. These pressures are arising from the number of individuals turning 18, who will then attract little or no funding from the Home Office.
9. Housing Benefit Administration central risk budget also includes an unallocated savings amount of £200k. This is largely attributable to a shortfall between housing benefits awarded for temporary accommodations and what the Department for Work and Pensions pays. Some of the accommodations are over their limit and the shortage of temporary accommodation at reasonable prices led to the increased shortfall in this area.
10. Analysis of the movement in total manpower and related staff costs are shown in Table 2 below.

11. Staffing Statement

Analysis of the movement in staff related costs are shown in the table below. There is an increase of £357,000 in employee expenditure between the 2024/25 original budget and 2025/26 original budget. Factors influencing this overall increase are a provision for pay award and incremental progression.

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Table 2	Original Budget 2024/25		Original Budget 2025/26	
	Manpower Full-time equivalent	Estimated cost £000	Manpower Full-time equivalent	Estimated cost £000
People Services	49	(3,633)	50	(3,952)
Partnership Services (including Central Directorate)	26	(1,875)	26	(1,972)
Housing Services	7	(555)	7	(572)
Education and Skills	43	(2,124)	43	(2,048)
TOTAL COMMUNITY AND CHILDREN'S SERVICES	125	(8,187)	126	(8,544)

Potential Further Budget Developments

12. The provisional nature of the 2025/26 revenue budget recognises that further revisions may be required, including in relation to:

- decisions on funding of the Additional Works Programme by the Resource Allocation Committee.
- budget adjustments relating to the Surveyors Repairs and Maintenance projects.
- budget adjustments relating to central and departmental support services apportionments.

Revenue Budget 2024/25

13. The current forecast local risk outturn for 2024/25 is expected to be overspent by up to £211k, mostly relating to Adult and Children Social Care services.

14. The central risk budget is projected to underspend by £855k, mostly related to a one-off higher than anticipated grant income (£1.5m) from the Home Office in relation to the Afghan Resettlement Scheme in previous years, partly offset by the increased cost for asylum support (£400k) and benefits administration (£300k)

Appendix 3 shows the movement between the Original Budget 2024/25 and the Approved Budget 2024/25.

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Draft Capital and Supplementary Revenue Budgets

15. The latest estimated costs of the Committee's current capital and supplementary revenue projects are summarised in the Table below.

Service	Project	Exp. Pre 01/04/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Later Years £'000	Total £'000
	Authority to start work						
Homelessness	High Support Hostel Site Development	(645)	(27)	-	-	-	(672)
Homelessness	Assessment Centre for Rough Sleepers	(1,594)	(156)	-	-	-	(1,750)
TOTAL COMMUNITY & CHILDREN'S SERVICES EXCLUDING HRA		(2,239)	(183)	-	-	-	(2,422)

16. Pre-implementation costs comprise feasibility/option appraisal expenditure which has been approved in accordance with the project procedure, prior to authority to start work.

17. The latest Capital and Supplementary Revenue Project forecast expenditure on approved schemes will be presented to the Court of Common Council for formal approval in March 2025.

Business Planning for 2025/26

18. A separate report will be presented to this committee at a later date containing the high-level business plan.

Corporate & Strategic Implications – 'none'

Security implications

19. There are no specific security implications in relation to the budget or business plan but many of our workstreams contribute to the departmental priority 'safe' with the aim of people of all ages living in safe communities, our homes are safe and well maintained and our estates are protected from harm.

Public sector equality duty

20. Promoting equality, fostering good relations and reducing discrimination are all integral elements of the work of the department as demonstrated in some of the

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work included in the high-level summary business plan. The department specifically considers this in service and policy development through Tests of Relevance and Equality Impact Assessments.

Conclusion

21. This report presents the 2025/26 budget estimates for the Community & Children's Services Department for Members to consider and approve.

Appendices

- Appendix 1 – Committee Summary Budget – City Fund
- Appendix 2 – Support Services and Capital Charges from / to Community & Children's Services Committee
- Appendix 3 – Original 2024/25 Budget to Approved 2024/25 Budget
- Appendix 4- Original 2024/25 Budget to Original 2025/26 Budget

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Appendix 1: Community and Children's Services Summary – City Fund

Analysis of Service Expenditure	Local or Centr al Risk	Actual 2023/24 £'000	Original Budget 2024/25 £'000	Approved Budget 2024/25 £'000	Original Budget 2025/26 £'000	Movement 2024-25 OR to 2025-26 OR £'000	Para ref
EXPENDITURE							
Employees	L	(7,837)	(7,408)	(7,568)	(6,721)	687	5,6,11
Employees – mainly social workers dealing with Asylum Seekers, Homelessness and staff paid by Dedicated Schools Grant (DSG)	C	(1,555)	(779)	(3,007)	(1,823)	(1,044)	5,6,11
Premises Related Expenses (see note i)	L	(702)	(382)	(377)	(382)	0	
Premises Related Expenses (SRP)	C	(11)	(4)	(137)	(55)	(51)	
City Surveyor – R&M	L	(11)	(5)	(5)	(5)	0	
Transport-related Expenses	L	(15)	(17)	(17)	(16)	1	
Home to School Transport (met from DSG)	C	(37)	(75)	(85)	(81)	(6)	
Supplies and Services (mainly professional fees which are largely met from grant income plus expenses relating to contracts)	L	(7,902)	(5,923)	(6,822)	(5,221)	702	6,7
Supplies and Services (mainly costs of our private, voluntary and independent childcare providers which are met from DSG)	C	(281)	(98)	(348)	(2,218)	(2,120)	6
Third Party Payments (mainly social care clients plus contract costs and providers of adult learning)	L	(7,497)	(6,236)	(7,777)	(5,683)	553	6,7
Third Party Payments (mainly agency costs relating to asylum seekers plus costs that are met from DSG)	C	(6,652)	(5,215)	(3,003)	(6,545)	(1,330)	6
Transfer Payments (mainly payment to Fusion Lifestyle funded by income from London Marathon Charitable Trust)	L	(94)	(105)	(105)	(110)	(5)	
Rent allowances – funded by Department for Work and Pensions (DWP) rent benefit rebates)	C	(3,879)	(3,561)	(3,561)	(3,561)	0	
Unidentified Savings – Child Social Care	L	0	126	126	0	(126)	
Unidentified Savings	C	0	86	86	524	438	8,9
Total Expenditure		(36,473)	(29,596)	(32,600)	(31,897)	(2,301)	
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Analysis of Service Expenditure							
	Local or Central Risk	Actual 2023/24 £'000	Original Budget 2024/25 £'000	Approved Budget 2024/25 £'000	Original Budget 2025/26 £'000	Movement 2024/25 to 2025/26 £'000	Para ref
INCOME							
Government Grants (mainly Public Health and Skills Funding Agency grant income)	L	7,130	3,796	5,726	3,975	179	6
Government Grants (mainly DSG, DWP rent benefit rebates, Home Office funding)	C	9,236	7,423	7,728	8,058	635	6,9
Other grants, reimbursements and contributions (mainly B&B rent allowances, S256 Monies and London Marathon Charitable Trust)	L	1,766	778	973	334	(444)	6
Other grants, reimbursements and contributions (City's Cash contributions towards Toynbee Hall contract and Strings project at The Aldgate School)	C	651	512	466	1,155	643	6
Customer, client receipts (mainly fee income and client contributions towards their social care packages), and rent income for the community centres)	L	1,171	1,215	1,215	1,319	104	
	C	127	20	90	20	0	
Transfer from Reserves (Public Health, Healthwatch & Proceeds of Crime Act POCA reserves)	L	311	26	26	0	(26)	
Transfer from Parking Meter Reserves (in relation to concessionary fares and taxi cards)	C	584	578	578	582	4	
Total Income		20,976	14,348	16,802	15,443	1,095	
TOTAL EXPENDITURE BEFORE SUPPORT SERVICES AND CAPITAL CHARGES		(15,497)	(15,248)	(15,798)	(16,454)	(1,206)	
SUPPORT SERVICES AND CAPITAL CHARGES							
Central Support Services and Capital Charges		(2,837)	(2,733)	(2,733)	(3,381)	(648)	App 2
Recharges within Fund		55	56	56	56	0	
Total Support Services and Capital Charges		(2,782)	(2,677)	(2,677)	(3,325)	(648)	
TOTAL NET (EXPENDITURE) / INCOME		(18,279)	(17,925)	(18,475)	(19,779)	(1,854)	

Notes – Examples of types of service expenditure:

- (i) Premises Related Expenses – includes repairs and maintenance, energy costs, rates, and water services

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Appendix 2: Support Service and Capital Charges from/to Community and Children's Services Committee

Support Service and Capital Charges	Actual 2023/24 £000	Original Budget 2024/25 £000	Approved Budget 2024/25 £000	Original Budget 2025/26 £000
Administrative Buildings	(234)	(251)	(251)	(228)
City Surveyor's Employee Recharge	(2)	(1)	(1)	(1)
Insurance	(73)	(66)	(66)	(67)
IS Recharges – Chamberlain	(677)	(531)	(531)	(665)
Capital Charges	(587)	(556)	(556)	(518)
Support Services, including Chamberlains, Comptrollers & Town Clerks	(1,264)	(1,328)	(1,328)	(1,902)
Total Support Services and Capital Charges	(2,837)	(2,733)	(2,733)	(3,381)
Recharges Within Funds				
Corporate and Democratic Core – Finance Committee	32	32	32	32
HRA	0	0	0	0
Barbican Residential Committee	23	24	24	24
Total Support Service and Capital Charges	(2,782)	(2,677)	(2,677)	(3,325)

Support services budgets reflect the attribution and cost of central departments. All support services are based on time spent or use of services and were reviewed during 2024/25 with the method of apportionment updated to reflect the latest up to date corporate information.

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Appendix 3: Movement between 2024/25 Original Book Budget and 2024/25 Approved Budget

Community and Children's Services	£000
Original Net Local and Central Risk Budget (Executive Director Community and Children's Services & City Surveyor)	(15,248)
Executive Director Community and Children's Services	
Transformation Fund Carry forwards from 2023/24 in relation to the Operational Property Review	(80)
Allocation from contingency regarding additional social care pressures	(470)
Approved Net Local and Central Risk Budget (Executive Director Community and Children's Services & City Surveyor)	(15,798)

Appendix 4: Movement between 2024/25 Original Book Budget and 2025/26 Original Book Budget

Community and Children's Services	£000
Original Net Local and Central Risk Budget (Executive Director Community and Children's Services & City Surveyor)	(15,248)
Executive Director Community and Children's Services	
2% inflation uplift	(291)
Transfer of Direct Payment Officer post to Adult Social Care	(52)
Allocation from contingency regarding additional social care pressures following Court of Common Council's approval in March 2024	(470)
Additional funding to address future pressures identified in Adult Social Care and Child Social Care	(1,288)
Central risk grant allocation for homelessness support	895
Original Net Local and Central Risk Budget (Executive Director Community and Children's Services & City Surveyor)	(16,454)